

COUNTRY: Chile

SUBJECT: Unfavorable Exchange Position Developing.

Date

2 Jul 53

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1. With the copper price at US 30¢ per pound in the US, and a trend for possible lower copper prices in sight, US exporters should watch exchange developments in Chile carefully. According to the latest information on hand, Chile has 40 thousand tons of copper unsold and further piling up of this inventory is in sight.
2. The copper shortage which prevailed in 1951 is now reversed. Copper production for this year will be slightly over the demand for copper and further gain in copper production is predicted for the near future. No one can estimate now where the copper price will stabilize itself on the world market but metal men in general expect lower copper prices.
3. The Chilean government buys copper from the producers at US 24 $\frac{1}{2}$ ¢. Each one cent cut would mean, according to the Central Bank, a revenue loss of eight and one-half million dollars in exchange.

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